

FISCAL NOTE

SB 2809 - HB 2975

February 8, 2008

SUMMARY OF BILL: Creates the Lottery for Education After-School Programs Grant Fund, or the LEAP Grant Fund, for the purpose of making competitive and technical assistance grants to eligible institutions that provide after-school educational programs. Requires the Department of Education (DOE) to administer and monitor grant program. Authorizes the General Assembly to appropriate funds to DOE for deposit into the LEAP Grant Fund in any fiscal year in which the lottery scholarship program is fully funded and there are excess lottery funds available. Requires grants to be for a period of three years.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Based on current revenue and expenditure estimates for the Tennessee Education Lottery program, approximately \$5,000,000 in excess lottery funds is anticipated for FY08-09. If the General Assembly appropriates 100% of this excess for after-school programs, it will increase the expenditure of lottery proceeds earmarked for scholarships and grants by \$5,000,000 for FY08-09. Additional funding in subsequent years would be dependent upon the extent of excess lottery revenue, and whether the General Assembly appropriates such excess revenue, or portions thereof, for after-school programs.

Assumptions:

- According to the Tennessee Higher Education Commission (THEC), this bill will not impact departmental revenue or expenditures.
- According to the Tennessee Student Assistance Corporation (TSAC), this bill will not impact departmental revenue or expenditures.
- The State Funding Board's adopted range for net lottery proceeds for FY08-09 is \$280,000,000 to \$290,000,000 (with a mid-point of \$285,000,000).
- The Tennessee Student Assistance Corporation (TSAC) and the Tennessee Higher Education Commission (THEC) estimates total

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expenditures to fund Tennessee lottery scholarships to be \$238,000,000 in FY08-09.

- \$25,000,000 is earmarked for Pre-K programs (included in the Governor's FY08-09 Budget Document).
- \$10,000,000 will be earmarked for Tennessee Student Assistance Awards (TSAA or need-based grants).
- \$7,000,000 will be expended for THEC and TSAC to administer lottery scholarship program.
- Excess funding for FY08-09 is estimated to be \$5,000,000 (\$285,000,000 - \$238,000,000 - \$25,000,000 - \$10,000,000 - \$7,000,000 = \$5,000,000). This is the amount estimated to be available for appropriation by the General Assembly for FY08-09.
- Approximately \$12,900,000 is currently estimated to be available for after-school programs (from unclaimed lottery prizes) for FY08-09. If \$5,000,000 in excess lottery funds is earmarked for after-school programs as a result of this bill, the total amount for such programs for FY08-09 would become approximately \$17,900,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc